



<b>WP3: Country case studies</b>
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***Report - Portugal***

***Case study 1 - Volkswagen Autoeuropa***

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## 1. Introduction

### *A key player in the national context*

In 1995, Volkswagen moved into Portugal with the opening of an automotive production plant, Volkswagen Autoeuropa. Located in Palmela, in the district of Setúbal (about 30 km from Lisbon and 10 km from the port of Setúbal), the plant entered production in May 1995. Autoeuropa still represents the largest foreign investment ever made in Portugal, generating a significant impact on the national and regional economy and estimated to represent 1.6% of the national GDP<sup>1</sup>.

### *A relevant case study*

Portuguese researchers have devoted a great deal of attention to the study of Autoeuropa, for example the works by Stoleroff and Casaca (1996), Correia (2000), Costa (2013) and Stoleroff and Chora (2017). Their interest is due, on the one hand, to the company's technological innovation, employing the "kaizen" system and "lean production" in a country where industrial development is otherwise weak and Fordism predominates (Correia, 2000); on the other hand, to the exceptional nature of its labour relations system (Costa, 2013), which essentially derives from the group's strategy and contrasts with the pattern in which Portugal is commonly inserted characterised by centralized negotiation and weak worker representation at the company level – although there is no co-determination in the Portuguese plant.

## 1.1. Methodology

The DIRESOC project WP3 fieldwork ran from February to May 2019. The contact with a Volkswagen Autoeuropa began in April 2019. Although this is a case subject to widespread research analysis and also the subject of a recent labour dispute, which was also widely reported in the media, worker representatives immediately agreed to collaborate with the project team.

Desk research incorporated the consultation of the company's websites, worker and business associations, the media, the Bulletin of Labor and Employment (Boletim de Trabalho e Emprego) and also the press releases provided by trade unions.

The following table compiles the interviews made: four collective interviews with different worker and human resources department representatives, and two complementary interviews with experts. All interviews were recorded and received individual informed consent.

The structure/sections of this report follow a common DIRESOC guideline.

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<sup>1</sup> Cf. <https://observador.pt/2019/03/06/autoeuropa-duplicou-producao-em-2018-e-ja-representa-16-do-pib/>, in Observador, 06.03.2019 (accessed on 20.05.2019).

**Table 1: Interviews per organization, function and date**

Organization	Function	Interview Code	Date of interview
Works Council	Permanent member/unionist	E1	12.04.19
	Permanent member	E2	
	Non permanent member	E3	
	Non permanent member	E4	
Union Commission SITE-SUL	Non permanent member	E5	12.04.19
	Non permanent member	E6	
	Non permanent member	E7	
	Non permanent member	E8	
SINDEL/ UGT	Deputy General Secretary/manufacturing	E9	15.05.19
	Union board member and worker	E10	
	Union board member and worker	E11	
Company	Head of Development and Organization	E12	29.05.19
	HRD	E13	
CICS-Universidade Nova	Expert in technology assessment	E14	14.05.19
CES-Universidade de Coimbra	Expert in unionism	E15	14.05.19

## Framework<sup>2</sup>

- Sector context

### *A leading industry in a poorly industrialized country*

The Volkswagen Group is one of the largest automobile manufacturers in the world, with its global headquarters in Wolfsburg, Germany. The birth of the company dates back to 1930 with the construction project for the car that would be known in Germany as "Käfer", in Portugal as "Carocha" and in the United States and Great Britain, as the "Beetle". The goal was to create a car affordable for everyone. After 1948, Volkswagen became an important symbolic and economic factor in the recovery of West Germany, and in 1964 the acquisition of Audi / Auto-Union by the Volkswagen group took place. The influence of Audi paved the way for a new generation of cars<sup>3</sup>.

In 1995, Volkswagen located one of its Group automotive production plants in Portugal. Volkswagen Autoeuropa represents the largest foreign investment ever made in Portugal, generating a significant impact on the national and regional economy and estimated to represent 1.6% of the national GDP<sup>4</sup>. In 2018, Autoeuropa represented 75.1% of the total production of the sector (E12).

### *A sector recovering after the crisis*

According to data from the Automobile Association of Portugal (ACAP), in 2019, the automobile market in Portugal continued to expand slightly after annualised growth of

<sup>2</sup> The initial topics of this section (Brief sector context, Activities, Typology, Employment) follow closely the information provided by the company website: <https://www.volkswagenautoeuropa.pt>. The interviewees made were coded from E1 to E15 as a means of enabling the identification of the respective source of the information or quote.

<sup>3</sup> Cf. <https://www.volkswagenautoeuropa.pt/produtos-e-producao/produtos> (accessed on 20.05.2019).

<sup>4</sup> Cf. <https://observador.pt/2019/03/06/autoeuropa-duplicou-producao-em-2018-e-ja-representa-16-do-pib/>, in Observador, 06.03.2019 (accessed on 20.05.2019).

2.6% in 2018. This figure reflects the stabilization of the domestic market around its normal values following a period of recovery after the recession. The total annual number of vehicles produced approached 300,000 among which 273,252 units sold domestically.

- Activities

Volkswagen Autoeuropa is a multi-products factory, currently producing three models: the VW Sharan, the SEAT Alhambra and the VW new T-Roc (the Eos models were discontinued in July 2015 and the Scirocco in October 2017). Vehicle manufacture comprises four stages of work entitled: presses, bodywork, painting and assembling. The assembling area is the largest and requires more workforce (E12 and E13).

- Typology: size, location...

The factory covers a total area of 2,000,000m<sup>2</sup>, with the production area accounting for 1,100,000m<sup>2</sup> and the Industrial Park covering the remaining of 900,000m<sup>2</sup>. Total initial investment amounted to 1.97 billion Euros. The geographic distribution of production in Portugal includes 19 modules in the Industrial Park of Palmela and 28 in other locations and, outside the country, 599 across Europe and 7 in the rest of the world. For suppliers, which total 653 in number, the factory sources from 646 European firms with the remaining 7 located outside Europe. 15 suppliers are located in the Industrial Park and represent a workload of 2500 workers (E12).

- Employment: sex, age, occupations ...

Autoeuropa today employs around 5,800 members of staff. The characterization of human resources reports an average age of 38 and a gender distribution of 82% male and 18% female, the recent hiring strategy addressing the increase of women. In terms of qualifications, 34% of workers are in the 3rd cycle (9 years of schooling), 54% in secondary education (12 years) and 12% in higher education (undergraduate or bachelors degree, master's degree and PhD). In fact, in the recent hiring for the assembling line, there are many dozens of people with a degree who can then apply for a better internal position. It is also verified that, thanks to the recognition of the technical capacity of the employees, there are international postings not only of managers but also of qualified technicians (E12). Human resource training in recent years has amounted to over 7 million hours of workplace training and classroom education, with about 1,000 staff undergoing training abroad. The labor structure is organized into four levels: strategic leadership, operational leadership, specialists and unskilled labor. The Board of Directors is composed of the Director General and the Chairman of the Board of Directors, the Director of Human Resources and Organization and the Director of Finance and Information Technology.

- Job quality

According to the information provided by the Works Council, 99% of the workers are on open-ended contracts; the subcontracted workers (1%) only cover in the absence of workers due to medical leave or other similar situations. The Department of Human Resources also maintains that it is not common practice to employ temporary workers as an

alternative to the employment contract. The exception occurs when there are for example production peaks.

- Industrial relations

#### *Negotiating climate*

The company's website states that "*... the relationship between employees and management is based on mutual respect, based on a policy of open dialogue, supported by representative structures: Workers' Council with representatives from all departments and representation of the two Trade Union Centers, the UGT and the CGTP-IN*"<sup>5</sup>. As pointed out above, Autoeuropa's social dialogue has already received attention from Portuguese researchers (Correia, 2000, Costa, 2013), taking into account the relationship of good cooperation between the Works Council and the company. In this sense, a trade union representative also stated that the company generally does not distinguish between workers affiliated to the two main trade unions/confederations (E5). Labour relations have, however, recently gone through a difficult period as described below, namely in the text box 'The 2017 strike'.

#### *Worker representation*

The sector is composed of several union organizations with two having members at Autoeuropa: SINDEL, affiliated to UGT, the minor trade union confederation, and SITE SUL, affiliated to FIEQUIMETAL, a federation affiliated to CGTP-IN, the major union structure at the national level.

In any case, from the outset, Autoeuropa counted on a Works Council, led by António Chora until 2017. Meanwhile, industrial conflict has since led to a pluralistic Works Council. In fact, it is now composed of representatives from the four lists competing for the 2017 elections, among which there is a SITE SUL list.

In addition to these organizations, there are also two Trade Union Commissions: the Union Committee of the SITE SUL-Union of Workers of the Manufacturing, Energy and Environment Industries of the South<sup>6</sup>, with thirteen members, affiliated to FIEQUIMETAL, belonging to the CGTP-IN; and the Trade Union Commission of the SINDEL-National Union of Industry and Energy<sup>7</sup>, with two members, affiliated to the UGT.

In the Volkswagen group, there is also a European Works Council. Once or twice a year, a permanent representative of the Autoeuropa Works Council meets with representatives of the approximate 640,000 Volkswagen workers.

From the company point of view, Autoeuropa's multiple partnerships include membership in ACAP, as well as other associations, including APQ (Portuguese Quality Association), ATEC (Training Academy)<sup>8</sup>, CCILA (Luso-German Chamber of Commerce and Industry), among others. It should also be noted that Autoeuropa is a founding partner of AISET (Industrial Association of the Setúbal District), which reflects the major role it plays in the region's business dynamism.

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<sup>5</sup> Cf. [www.volkswagenautoeuropa.pt/empresa/factos-numeros](http://www.volkswagenautoeuropa.pt/empresa/factos-numeros) (accessed on 20.05.2019).

<sup>6</sup> SITE SUL has its headquarters in Setúbal and covers other Southern Portuguese districts: Portalegre, Évora, Beja, Faro (<http://sindicatos.cgtp.pt/site-sul/>).

<sup>7</sup> SINDEL has its headquarters in Lisbon (<https://www.sindel.pt/>).

<sup>8</sup> ATEC is a project designed and promoted by Volkswagen Autoeuropa, Siemens, Bosch and the Portuguese-German Chamber of Commerce and Industry, launched in 2003 as an Industrial Training Association (see <https://www.atec.pt>).

### *Collective bargaining*

Although initially encouraging an automobile industry agreement at sectoral level and today covered by one, i.e. a Collective Bargaining Agreement (Contrato Coletivo de Trabalho - CCT), Autoeuropa is also reputed to maintain a good level of social dialogue at company level (Correia, 2000; Costa, 2013) even reaching beyond the legally stipulated framework (E15).

The current CCT dates from 2010, having been concluded between ACAP - Portugal Automobile Trade Association (and others) and SINDEL - National Union of Industry and Energy (and others), and extends throughout the country and throughout the sector of repair, construction and assembly, retail and parts sales, in 2011. This CCT is currently undergoing revision, in particular as regards the agreement on the salary scale, in a process due for completion in the summer of 2019, after three years of collective bargaining (E9). It should be noted that while SINDEL has members among Autoeuropa workers, it is not the most representative trade union in the company and holds no representation on its Works Council. At the same time, FIEQUEMETAL, to which the most important trade union at Autoeuropa is affiliated, has also launched negotiations (E5). In any case, the current CCT does not include any term related to "technology" or "digital."<sup>9</sup>

### *Original internal agreements*

In Autoeuropa, the social dialogue taking place in the company context follows the Volkswagen group model, although no co-determination is in place in Portugal. This means that, talks and negotiations are carried out primarily between the Works Council and the Board of Directors, translated into Internal Agreements that constitute improvements on the generic clauses of the CCT and are related with the group broader strategy on labour relations – a private issue.

The internal agreements are neither considered collective bargaining nor do they attain the status of company agreements. These agreements are not legally binding but are mutually accepted. In fact, in Portugal, only trade unions have the legitimacy to negotiate. Thus, there is no agreement between the unions and the company, and between them and Autoeuropa there is an indirect relationship (E12 and E13): *‘Naturally trade unions are an official partner, and as such have to be considered. [However] the Works Council has [union] representatives, and the sensitivities are there’*(E13).

In any case, the process of preparing these internal agreements still adopts the usual steps. The Autoeuropa Works Council is in permanent contact with members of staff, drawing up the "book of demands" that is then discussed with the Board. These meetings result in pre-agreements that are subsequently voted on in plenary meetings attended by all workers (by secret ballot), receiving agreement when attaining majority approval.

The current internal agreement remains in effect for a two year period, i.e. until December 2020. These agreements consist essentially of salary increases and other social improvements, such as benefits and subsidies and do not address any issue directly related to the usage of digital technologies<sup>10</sup>.

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<sup>9</sup> In this sense, the WP1 report from Diresoc project did not identify any relevant collective bargaining agreement in the sector. The conclusion reached was that there were only a few agreements mentioning technology. This same finding is presented by Ramalho (2018).

<sup>10</sup> According to the interview with the Works Council, there were 24 points for discussion in the last bidding document, specifically: agreement duration, salary increases, salary scales, progressions, bonus objectives, tax advantages for bonus payments, organization of working time, infra-family support

One outstanding result of this negotiating relationship is, according to the Works Council, the fight against job insecurity as the permanent employment contracts for 550 people were secured under two agreements, bringing forward the 36 month probationary period defined by the law. According to one of the council representatives interviewed: *"This is also in company's the interest because the work requires some knowledge, and the quality demanded for production lines implies that we cannot constantly be changing people"* (E4).

On the other hand, the company highlighted the creation of the Bank of Hours, through an agreement between workers and company in which 'money has been exchanged for time', a practice that appeals to people for the possibility of more flexible management of working time, according to the same source (E12). The Bank of Hours is a cross-sector measure and, in any case, is not due to digitalization.

### **3. Digitalisation linked restructuring process**

- Real or expected vectors of change

#### *The current T-ROC production cycle*

The recent technological innovation process was implemented in response to the production of the new T-ROC model in 2017. The workers interviewed reported that the company announced the production launch of a large volume model. In this context, they were informed that it would incorporate changes to the production program, the shift system and coupled with an exponential increase in the number of workers. There was a need to increase the scale of the working area as major investment was being made in a whole range of robots and computerized systems to increase productivity, including a "cooperative robot".

In turn, the originally forecast number of cars for manufacture was increased due to market demand. As the worker representatives explained, the manufacture of a car model usually lasts for five to six years, with demand for the T-ROC currently expected for the next four years. Autoeuropa is for the first time a high-volume factory with its previous maximum production capacity of 135,000 cars now boosted to attain the 225,000 cars built in 2018 with a still higher forecast for 2019 (E2).

On the other hand, the company does not make any kind of prediction of the T-ROC's life cycle, focusing on the current reality of the management of the 19 shifts and the response to a maximum production capacity. And gives the example of the Sharan model that has typically been on the market since 1995 as a sales' phenomenon (E12).

#### *The imminent challenge of the electric car*

Some interviewees foresee the future with some apprehension due to the emergence of electric cars as the strategic priority with producing them in Portugal certainly involving a deep restructuring.

By definition, as a company that constantly invests in technology, Volkswagen has recently also entered the electric car market. The German multinational expects its electric car ID.3 to hit the market in the first half of 2020. Volkswagen believes that the ID.3 will launch the third chapter of strategic importance in the brand's history,

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structures, retirement age reductions, early retirement program, safety ergonomics and health at work, health insurance, team leader bonuses, transportation allowances, continuous improvement bonuses, job performance promotions, school support, travel abroad, student worker bonuses, life insurance, twenty-fifth anniversaries in the company, permanent contractual employment, and the pension fund. This proposal received approval from the workers.

following the Beetle and Golf. The company also plans to launch three other electric vehicles applying the same technology base<sup>11</sup>. However, the Human Resources interviewees showed no apprehension regarding the arrival of the electric car.

As an illustration of the trend, in Portugal, demand for electric vehicles increased by 148% and by 56% for hybrid plug-in vehicles. Thus, electric vehicles now account for 1.8% of total market sales<sup>12</sup>. In this sense, in March 2019, the Junior Minister of State and Mobility revealed that Portugal represents the fourth country in the ranking of electric cars sales<sup>13</sup>.

- Digital innovations

The designated area of Body - welding and bodywork – experienced the single largest investment in robotization, more than doubling in total. Additionally, the logistics process, also carried out by means of transportation and stacking, has undergone profound changes as the bikes for transporting supplies along the lines no longer require a driver and just as there are no longer any forklift drivers. Nevertheless, the assembly process still incorporates a lot of manual labour.

- Business strategies

Thus, we may state that the investment strategy has included robotization, hiring and training. However, even while many new workers were hired, the investment in robotization was incomparably higher. Analysis by a member of the Works Council leads him to state that "*...instead of investing in labor, we invest in technology*". (E4). Another Works Council member stresses how the factory is under great competitive pressure because the automotive sector is one of the most competitive worldwide. In this way, the options might have favoured outsourcing, which was not verified (E2). Moreover, the Department of Human Resources emphasizes its exceptional investment: '*We invest a lot in training. The new hires had a broad training program (including for the host) and a commitment was also made to the middle management to prepare this reality for the entry of the new generations*' (E12). The number of workers increased from 3,295, in 2016, to 5,912, in 2017 (E12).

- Digitalisation and restructuring

We can therefore conclude that digitization does not represent a disruptive phenomenon compared to what is usual in the working organization model of this company considering it only ever deploys the latest technology, and that digitization does not appear in isolation but rather stems from competitive international market and group pressures. In fact, this investment in robotization is associated with obtaining a particular model within the Volkswagen group, the T-Roc. The production of this car model at the Portuguese factory was achieved as the result of a selection process that opposed this factory against others in other countries.

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<sup>11</sup> Cf. in JN,08.05.2019 (accessed on 20.05.2019).

<sup>12</sup> Cf. <https://www.acap.pt/pt/noticia/11/cctv-sector-automovel/>, 07.02.2019 (accessed on 20.05.2019).

<sup>13</sup> Cf. José Mendes: "Somos o quarto país com mais elétricos vendidos", in DN, 09.03.2019, in Internet: <https://www.dn.pt/edicao-do-dia/09-mar-2019/interior/jose-mendes-somos-o-quarto-pais-com-mais-eletricos-vendidos-10659627.html> (accessed on 20.05.2019).



#### 4. Impacts

- Employment challenges

The jobs eliminated did not imply redundancies in keeping with the established company policy. Workers are re-trained and re-assigned to other jobs. In addition, during the years of financial crisis and recession, hundreds of workers were relocated to Germany for periods of up to three years before then being reinstated at the factory in Portugal.

Thus, the recent growth of shifts meant a greater need for operators, team leaders and middle managers as well as maintenance teams. The changes through training and integration are seen as an opportunity, because of the number of new jobs and because many workers at the base of the company have become more qualified. In two years, there was such a large number of promotional opportunities that, according to the company's representatives, was superior to many medium-sized companies in Portugal. (E13).

If the prospective question arises over the execution of tasks by automated or robotized processes implies no further recruitment, it also seems generally accepted by the worker representatives interviewed that the negotiating strategy has been stabilized with respect to managing T-ROC production in the forthcoming years.

As one SITE-SUL Trade Union Commission interviewee explained: *"... the introduction of robots required more training to qualify the workers joining for the new jobs. There are now more equipment operators, painting, and robotic personnel. And the shifts increased."* (E5). Currently, the factory works in 19 shifts with robotization thus also seemingly associated with job creation.

In an interview, a SINDEL union official illustrates the current working situation and the most significant changes resulting from the need to increase production: *"We have the Body - where the joining of the plates and welding is done - the increase in production, in this case, the T-ROC. This new section practically works only with robots. The only people there are called the MPs (Preventive Maintenance), and they have to be quite qualified. Almost all of them went through the ATEC and many of them are young people who have just entered (...) - my son was one of them. (...) Where there were 20 people, there are now 20 robots."* (E10).

#### 5. Role of industrial relations

- Management views and strategies

The implementation of technological changes, specifically robotization, did not result from any social dialogue process. As informed by several workers' interviewees, the information on those changes was received through the regular factory team meetings and there was no special meeting between the company and the workers (E1-E7-E8). No worker representative expressed any surprise or contested the procedure, quite possibly due to the good negotiating climate prevailing and the understanding that the measure results from an effective and real need for the company to adapt to the market as well as to the fact that there would be no redundancies required in the meanwhile.

According to the representatives of the company interviewed, the business plan is disclosed in advance to the employees, namely with regard to the investments to be made in the robotization and development of Human Resources (E13). In this sense

also, the Works Council is present and interacts with all areas of the company, nationally and internationally, through regular meetings with the Board of Directors, with the Department and the Human Resources operational group, and with the Directorates of the various areas of the company. Thus, the discussion of the issues includes *'from the operational process (how many workers we have patients, how many we have to adapt), to the functions in the factory, where it is necessary to increase robotization, what models of robotization, for the future and in which factories can be allocated'* (E13).

In order to enrich the social dialogue, there are also Development Plans for the elements of the Works Council, with training in various areas such as financial and other technical skills (for example, analysis of workloads that is a specific area of industrial engineering) (E12 and E13). In this way the dialogue between workers' representatives and the company has a common conceptual basis.

- Workers representative views and strategies

Worker representatives hold a differentiated range of visions with some more optimistic, some more apprehensive with others still more conservative regarding digitization processes and the future of the factory.

Both the Works Council and the leaders of both trade unions with members in Autoeuropa contain voices prepared to accept the arrival of digitization in the sense that it interlinks with competitive marketplace strategies, returning positive results for the factory and guarantees of work for its employees. A favourable outlook also encapsulates improved working conditions through reducing the effort and attrition inherent to factory based tasks. Finally, regardless of the abolition of some tasks, digitization processes also create new jobs related to working in cooperation with robots, their maintenance, etcetera.

However, this digitization also implies concerns for the near future. Following the ending of the T-ROC production cycle, the hypothesis that the electric car will replace combustion vehicles causes apprehension to the extent this represents a profound change not only in the current know-how of workers but also in the contributions made by companies integrated into the industrial park. Electric car manufacture incorporates fewer components, which will then imply less need for manpower, in particular rendering the exhaust system redundant. On the other hand, manufacturing specific battery types also implies a new product line, whether produced in this or another factory unit. Within this perspectives, the robots now getting introduced will themselves need to be repaired and replaced and, in the words of one respondent, *"... in ten years, instead of making cars, we may be making robots and electronic boards for robots"* (E11).

It should also be noted that some of the worker representatives interviewed expressed concern not so much over the particular case of Autoeuropa but rather over the scope for future job losses in general alongside to the inherent risk for the sustainability of the Social Security system. Correspondingly, one Works Council representative stated that: *"... on this, we, as structures of workers, unions, etcetera, have to start thinking and start mobilizing to talk to the government, and so on. Because for the unskilled labour in this sector, and in other sectors, the next few years may be a bit rough"* (E4).

- **Involvement of workers**

At Autoeuropa, digitization as such has not hitherto been the object of social dialogue at any level. Interviewees were directly questioned about the subject. However, the workers responded that they understood that digitization should be the future subject in the meetings held with the management.

The business restructuring resulting from launching production of the T-Roc has impacted on labor relations. Furthermore, digitalization, and robotization in particular, is therefore only one of the new factors that emerged from the production of a new car model. In 2017, Autoeuropa went on strike for the very first time.

### ***The 2017 strike***

Indeed, the divergence between workers and the management regarding the change in working hours arising from the T-ROC production led to the first, unexpected strike at Autoeuropa with the industrial relations climate deteriorating for a significant period of time.

Preparations for introducing the T-ROC model in 2018, which involved almost tripling the 2016 level of production, led to the management introducing a new model of work with a sixth day of work for 750 workers of the 2,000 that were then being hired. Negotiations between the company and the Works Council, now without its longstanding leader, resulted in a pre-agreement consisting of an additional monthly payment (+175 Eur) to that provided for by law, a 25% shift allowance and the allocation of an additional holiday day.

However, the workers did not agree to this pre-agreement and the vetoed it at a plenary meeting on July 28, 2017 that led not only to the resignation of the Works Council but also to the strike as the company opted to advance with implementing the agreement. On August 30th, a historic strike took place at Autoeuropa. The 24-hour standstill rejected all three shifts and especially Saturday work for two years. This was the first strike in the almost 25 year company history, carried out with the support of CGTP unions<sup>14</sup>. The company's statement refers to the adhesion of 41% of workers and underlines its commitment to continuing the dialogue with workers through the new Workers Committee due to be elected on October 3, and continuing the good employment practices of Autoeuropa and the Volkswagen Group<sup>15</sup>.

Taking into account the national economic weighting of the factory, the Minister of Economy was also called upon to speak out and stated that the Government "*... should not be directly involved in the labour dispute in the Autoeuropa factory, but is monitoring the negotiations.*"<sup>16</sup>

<sup>14</sup> Cf. <https://www.youtube.com/watch?v=NfyriImOfSQ> , 30.08.2017 (accessed on 20.05.2019)

<sup>15</sup> Cf. [https://www.volkswagenautoeuropa.pt/comunicacao/relacoes-publicas/media-kit/press-releases/30\\_08\\_17\\_nota-a-imprensa\\_paralisacao-na-volkswagen-autoeuropa.pdf](https://www.volkswagenautoeuropa.pt/comunicacao/relacoes-publicas/media-kit/press-releases/30_08_17_nota-a-imprensa_paralisacao-na-volkswagen-autoeuropa.pdf), 30.08.2017 (accessed on 20.05.2019).

<sup>16</sup> Cf. <https://economynews.pt/2017/09/13/herbert-heiss-volkswagens-ceo-says-he-trust-autoeuropas-administration/> , 13.09. 2017 (accessed on 20.05.2019)

Volkswagen CEO Herbert Heiss then said he expected a solution to be reached in October with the new Works Council steering committee: *"It is a stressful situation, but we trust the new administration"*<sup>17</sup>.

In turn, the UGT disagreed with the August strike with its general secretary stating that SITE SUL/CGTP should have made more efforts to negotiating before proceeding with strike action. At the end of 2017, there had still been no agreement and on December 12, SITE SUL again met with the management while contemplating the new strike action<sup>18</sup>.

However, most workers eventually accepted working in 19 shifts, which includes Saturday and Sunday shifts. The new Works Council was elected and one of the two permanent representatives belongs to SITE SUL/CGTP. SINDEL did not gain Works Council representation.

The SINDEL/UGT position was that Sunday work came into conflict with the current CCT policy. We interviewed the representative responsible for this industry who explained that *"... we understand the outcome and the message of the workers and for us it has been solved"* but *"... we have put it to the consideration of the workers ... the scope for legally appealing [judicial] the situation. It has to be the workers to complain, we are just the means they use to do so. Following this initiative, and with some of our associates who also wanted to complain about the situation, things were referred to our Legal Department and are still under resolution"* (E9).

Present in the same interview, a SINDEL representative, who is also a factory worker, stated that he decided to accept working on Sunday despite the changes caused to his personal, family and social life: *"I do not mind doing [Sunday work], I want this factory to stay for a long time, I want to make a lot of cars, I want a lot of work. Of course, it changes my life (...), and I want to be compensated for it, and most of the workers with whom we spoke also share this position. And now let's see how long this will all last"* (E10).

In short, in the Autoeuropa labour dispute, the issue was the times and days of labour resulting from the need to increase production. While there were changes in schedules, there was also agreement on the compensation for workers for this additional working burden. The Works Council clarifies that, as a consequence of working on Saturday and Sunday, a situation otherwise unusual in Portugal, there is 100% continuous payment for working on Saturdays and Sundays. As one of its representatives stated: *"Here we are paying for the fact that Saturday and Sunday are not normal days of the week. It's compensation for the people being here on Saturday and Sunday. It was a great fight. We had a very tough war with the management"* (E3)<sup>19</sup>.

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<sup>17</sup> Idem.

<sup>18</sup> Cf. [https://www.youtube.com/watch?v=wpC\\_vJVdERo](https://www.youtube.com/watch?v=wpC_vJVdERo), 07.12.2017 (accessed on 20.05.2019).

<sup>19</sup> According to the labor code legislation and that stipulated by the collective bargaining agreement on the shift allowance (25% of the shift allowance involves night shifts), Autoeuropa added another 23% to this negotiation. For example, when a Autoeuropa worker completes the two monthly weekends on Saturday and Sunday - two full weekends –, the worker gets paid for another four days of work at the end of the month, approximately 23% of the salary. So s/he earns a salary of + 48%.

The company representatives interviewed explain that the answer to the intended volume of cars could not take another model other than the 19 shifts. It is admitted that it would always be difficult to change the habit of so many years of labor in five days, but by agreement with the workers the change was implemented in August 2019, and the situation is currently peaceful (E12).

- **Outcomes**

If the regular work developed between the Works Council and the company's Human Resources Department deal with the issues around the day-to-day issues that reflect worker concerns, some workers interviewed believe that digitization will cause a lot of negotiation in the future. As they argue, behind this technological revolution, there will have to be another related to social contributions. One of the interviewees mentioned that, as *"... robots do not pay taxes"* (E4), one of the solutions would include a social contribution becoming a responsibility of industry 4.0 companies.

The SITE-SUL Trade Union Commission states that in the meetings that take place with management, this subject has already been addressed even while not as any priority matter. This Commission states it feels comfortable discussing the issue with management, although this topic is usually addressed by the coordinator of its FIEQUIMETAL/CGTP federation, which expressly attends these meetings because of the more comprehensive overview of the potential impacts: *"The Federation coordinator tends to address this issue more than once as it holds this responsibility, this task to deepen this issue, including with companies, within the scope of securing jobs and, if possible, avoid reductions because sometimes this is how employers understand automation"* (E5).

Preparations by social dialogue actors for discussing and negotiating digitization processes are also broadly insignificant. The SITE SUL Trade Union Commission, for example, points out that the federation mostly does the preparations and that FIEQUIMETAL has done some research work to this end, which provides inputs for the meetings in which the leaders participate to discuss and debate the sector's future. In the Works Council, the lack of preparation is linked with a certain degree of apprehension: *"The point is that nobody is prepared for this, neither in this country, nor in Europe, nor in the world. Nor are there any organizations or confederations of workers prepared for it. It is a technological revolution just as were the industrial and the computer revolutions and the problem is that governments have to work with the world's great corporations because we know that those who rule the economy are not governments. Therefore, economic structures will have to be created to absorb workers who will not be working in industry. That is, countries will also undergo an economic revolution"* (E3).

From the SINDEL perspective, this has only recently become a concern, which it has already shared with the various associations with which it negotiates - among them ACAP - in keeping with how there have only recently been demands for information from the workers represented. The union leader interviewed (E9) stated that since the end of last year there has been a significant change in the behaviours of several sectors other than the automotive sector, such as metallurgy, electric, electronic and environmental - perhaps because the media has emphasized this issue and because of the growth in actions by companies in this area as they feel pressured by the lag that companies in Europe still display towards digitization. Thus, SINDEL has discussed the matter with the associations in order to request seminars, workshops and meetings to

raise and debate the respective issues, discussing the terms of collective bargaining on the changes needing negotiation, including the emergence of new professions. In addition, initiatives have already been pre-scheduled with worker associations, particularly in the automotive sector following the request for a seminar by Autoeuropa associations.

## 6. Conclusions

According to Nuno Boavida, a specialist in technology assessment and coordinator of several projects on digitization at Universidade Nova de Lisboa, while a first approach to **the impact of digitization on employment at the beginning of the century pointed to an alarming scenario of job losses** of around 50%, by means of tasks that would be carried out by automation processes, digital or otherwise, nowadays the forecast of very high degrees of automation in professions does not make sense. In this context, certain tasks may be automated without ending the respective profession, this means, jobs are not necessarily lost following the suppression of tasks.

The Autoeuropa case study seems to convey how **training may represent one way of managing the needs** placed on the organization of labour, thus avoiding any reduction in employment, particularly in the context of the need to increase production. This furthermore also emerges as the most important single measure to adapt to digital technologies according to a recent study by the Portuguese Industrial Relations Center on digitization and collective bargaining (Ramalho, 2018).

The automotive industry is a sector with a need for constant technological innovation and modernisation. Moreover, as the University of Coimbra professor and specialist in trade unionism Hermes Costa stresses, demands for **technological innovation are sometimes raised by the workers themselves** who contribute in the workplace to the introduction of improvements. This proves the case, as duly illustrated by one interview, with the introduction of automatic paint booths that, under pressure from the workers, were raised at the Volkswagen European Works Council level before then undergoing implementation. We also collected two recent examples during fieldwork. Autoeuropa workers requested more ergonomic solutions that would minimize stress and damage to their health: in one case leading to the automation of wheel placement in cars, in another the installation of a chair with a manipulator that enables work to be done while sat inside the vehicle (E10). On the other hand, one of the Human Resources interviewees stressed that there is always a social responsibility of the company, a balance of human resources maintenance and the implementation of levels of automation, which in general, mean an improvement in working conditions (E13 ).

For over two decades, Autoeuropa has stood out not only as an example of technological modernization, accounting for more than 1.5% of national GDP, but also of social dialogue through the conclusion of internal agreements, which are not foreseen within the national legal framework but were well received because they were advantageous to the workers.

Recently, not the scanning process itself but rather the need for increased production, to which digitization is also associated, led to an unprecedented labour dispute. In 2017, the Works Council leaders called the agreement into question at a workers meeting that vetoed a pre-agreement with the management. The Works Council would call for elections and with a strike then called by SITE SUL / CGTP. The new and current Works Council reflects a pluralistic composition.

Any polarization of positions within these worker representatives has not yet been identified even while the influence of trade union confederations, through the SITE

SUL and SINDEL trade unions, does seem to bring **Autoeuropa closer to the patterns** of labor relations into which Portugal fits. Nevertheless, the typical Volkswagen internal agreements, as well as the social dialogue within the framework of the European Works Council, have not been unduly impacted even while the Council does not appear to be a privileged space for discussing digitization.

However, it is generally understood that the **social dialogue should incorporate these topics in the future**, as the Ramalho study indeed concludes: "... *although the suggestions for negotiating content have not been many, the idea of the usefulness of the intervention of collective bargaining in these matters seems clear*" (2018: 120-121). For the time being, it remains **unknown how the switch to electric vehicles will be anticipated and managed**, that with the end of the T-Roc production cycle will sooner or later inevitably become necessary: will the industry's collective agreement or the company's internal agreements move forward first? And to what extent is social dialogue able to anticipate or manage change?

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